

Message Text

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PAGE 01 BONN 06558 111111Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 ICA-11 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03
H-01 PA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 /109 W
-----080251 111627Z /53

R 111052Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7528
USDA/FAS WASHDC
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION GENEVA

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USEEC ALSO FOR EMBASSY; USMTN ALSO FOR MISSION; FAS FOR
MEEKER AND OLYOE

E.O. 11652: N/A
TAGS: EAGR, GW
SUBJECT: POSSIBLE EFFECT OF FUTURE EC MEDITERRANEAN
POLICY ON US SHIPMENTS OF CERTAIN PROCESSED FRUITS

1. THE EC COMMISSION HAS DEVELOPED A NUMBER OF PROPO-
SALS REGARDING FUTURE EC MEDITERRANEAN POLICY AFFECTING
FRUIT AND VEGETABLES. AS PART OF A PROPOSED REVISION
OF EC REGULATION NO. 516/77, THE EC COMMISSION IS
RECOMMENDING THE ESTABLISHMENT OF A PRODUCTION SUBSIDY
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SYSTEM FOR CERTAIN PROCESSED FRUITS AND VEGETABLES,
INCLUDING DRIED PRUNES AND CANNED PEACHES IN WHICH THE
US HAS A SUBSTANTIAL TRADE INTEREST. DURING
1977 THE US SHIPPED AN ESTIMATED 3,500 MT OF DRIED
PRUNES AND 7,000 MT OF CANNED PEACHES TO GERMANY
ALONE.

2. ACCORDING TO OUR CONTACTS, THE EC COMMISSION IS INITIALLY PROPOSING A SUBSIDY LEVEL WHICH AMOUNTS TO ABOUT 28 PERCENT OF THE 1977 AVERAGE CIF PRICE FOR US DRIED PRUNES DELIVERED TO GERMANY. BASED ON ANNUAL EC PRODUCTION OF ABOUT 25,000 MT, THE EC COMMISSION REPORTEDLY ESTIMATES THAT THE TOTAL SUBSIDY REQUIRED TO SUPPORT THE EC PRODUCTION OF DRIED PRUNES WOULD AMOUNT TO ABOUT DM 18 TO 20 MILLION ANNUALLY. ESTIMATES OF A LIKELY SUBSIDY FOR CANNED PEACHES ARE NOT YET AVAILABLE.

3. AGATTACHE HAS CONTACTED THE RESPONSIBLE OFFICIAL IN MINAG CONCERNING THE GERMAN POSITION IN THIS MATTER AND EMPHASIZED TO MINAG THE VITAL US TRADE INTEREST IN THESE PRODUCTS. DURING THIS DISCUSSION THE MINAG OFFICIAL STATED THAT THEY HAVE EXPRESSED STRONG OPPOSITION TO THE EC COMMISSION PROPOSALS IN THE COUNCIL OF MINISTERS AND OTHER MEETINGS IN BRUSSELS. THE MINAG REPORTEDLY SUPPORTS THE POSITION THAT ANY MEASURES TAKEN IN THE PROCESSED FRUITS AND VEGETABLE SECTOR WILL HAVE TO ADEQUATELY CONSIDER ALL MARKET SECTORS, INCLUDING THIRD COUNTRY INTERESTS.

4. EMBASSY COMMENT: OUR CONTACTS REPORT THAT THE ITALIAN AND FRENCH REPRESENTATIVES HAVE FORCEFULLY EXPRESSED THE POSITION THAT THEY WOULD NOT AGREE TO ANY LIMITED OFFICIAL USE

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EC PRICE DECISIONS UNLESS NOTICEABLE IMPROVEMENTS IN PREFERENCES OR OTHER SUPPORTS ARE ESTABLISHED FOR PRODUCTS PRODUCED IN THE MEDITERRANEAN MEMBER COUNTRIES, I.E. PRIMARILY INCLUDES FRESH AND PROCESSED FRUITS AND VEGETABLES. WE FEAR THAT UNDER PRESSURE FROM ITALY AND FRANCE, THE GERMANS AND OTHER MEMBER COUNTRIES MIGHT AGREE TO EXTENSIVE PRODUCTION SUBSIDIES WHICH EVENTUALLY WILL SERIOUSLY IMPAIR US EXPORTS OF DRIED PRUNES AND CANNED PEACHES AND POSSIBLY OTHER PRODUCTS TO GERMANY, OTHER EC COUNTRIES AND EVENTUALLY TO THIRD COUNTRIES. PLEASE PROTECT OUR SOURCE.
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FRUIT, VEGETABLES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN06558
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780155-0883
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780472/aaaacixd.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 515220b3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3014741
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE EFFECT OF FUTURE EC MEDITERRANEAN POLICY ON US SHIPMENTS OF CERTAIN PROCESSED FRUITS
TAGS: EAGR, GE, ZM
To: STATE USDA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/515220b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014